

**TOWN OF JONESVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS**

**AS OF JUNE 30, 2013
AND FOR THE YEAR THEN ENDED**

**WITH
INDEPENDENT AUDITOR'S REPORT**



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF JONESVILLE, LOUISIANA

Annual Financial Statements As of and for the Year Ended June 30, 2013 With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

The Mayor and the Board of Aldermen
Town of Jonesville
Jonesville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jonesville, Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principals generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jonesville, Louisiana as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2013, on our consideration of the Town of Jonesville, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 34 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jonesville, Louisiana's financial statements as a whole. The combining and individual fund financial statements and schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended for the information of the Mayor, Members of the Board of Aldermen, Management of Town of Jonesville, Louisiana, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silas Simmons, LLP

Natchez, Mississippi
October 29, 2013

Required Supplemental Information (Part I)

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

The management of the Town of Jonesville, Louisiana offers readers of the Town of Jonesville, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. This management discussion and analysis (MD&A) is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Town presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 and the subsequent amendments issued with Governmental Accounting Standards Board Statement No. 63. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

Overview of the Financial Statements

This section is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 and the subsequent amendments issued with GASB Statement No. 63 to provide the readers with a concise "entity-wide" statement of net position and statement of activities, which seeks to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the electric, water, gas, and sewer departments.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$13,352,775 (net position); this represents an increase of \$5,632,102 from last fiscal year. This increase is primarily due to the increase in governmental and utility improvement capital grants. Of this total net position amount, (\$890,732) represents a deficit in unrestricted net position. The Town's net position is comprised of \$3,119,175 from governmental activities and \$10,233,600 from business-type activities.

The following is a condensed statement of the Town of Jonesville's net position as of June 30, 2013 and 2012:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets:						
Current and other assets	\$ 285,346	\$ 301,011	\$ 2,783,503	\$ 3,836,193	\$ 3,068,849	\$ 4,137,204
Capital assets, net	<u>3,192,483</u>	<u>2,930,322</u>	<u>17,800,558</u>	<u>12,121,200</u>	<u>20,993,041</u>	<u>15,051,522</u>
Total assets	<u>\$ 3,477,829</u>	<u>\$ 3,231,333</u>	<u>\$ 20,584,061</u>	<u>\$ 15,957,393</u>	<u>\$ 24,061,890</u>	<u>\$ 19,188,726</u>
Liabilities:						
Other liabilities	\$ 219,526	\$ 217,496	\$ 2,104,878	\$ 3,584,853	\$ 2,324,404	\$ 3,802,349
Long-term liabilities	<u>139,128</u>	<u>-</u>	<u>8,245,583</u>	<u>7,665,704</u>	<u>8,384,711</u>	<u>7,665,704</u>
Total liabilities	<u>\$ 358,654</u>	<u>\$ 217,496</u>	<u>\$ 10,350,461</u>	<u>\$ 11,250,557</u>	<u>\$ 10,709,115</u>	<u>\$ 11,468,053</u>
Net position						
Net investment in capital assets	\$ 3,052,583	\$ 2,930,322	\$ 10,962,407	\$ 6,029,012	\$ 14,014,990	\$ 8,959,334
Restricted for:						
Debt service	-	-	203,929	200,918	203,929	200,918
Airport improvements	12,576	52,657	-	-	12,576	52,657
Town Hall	12,012	-	-	-	12,012	-
Unrestricted	<u>42,004</u>	<u>30,858</u>	<u>(932,736)</u>	<u>(1,523,094)</u>	<u>(890,732)</u>	<u>(1,492,236)</u>
Total net position	<u>\$ 3,119,175</u>	<u>\$ 3,013,837</u>	<u>\$ 10,233,600</u>	<u>\$ 4,706,836</u>	<u>\$ 13,352,775</u>	<u>\$ 7,720,673</u>

By far the largest portion of the Town's net position (\$14,014,990 or 100%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The Town has total outstanding debt of \$8,564,741. Of this total outstanding debt, \$6,978,052 was used to finance capital assets. The remaining debt of \$1,586,689 was not used to finance capital assets. Total liabilities of \$10,709,115 are equal to 80% of the total net position.

The Town's governmental activities increased net position by \$105,339. Business-type activities increased net position by \$5,526,764. Transfers from the business-type activities to the governmental activities amounted to \$715,175.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Government-Wide Financial Analysis (continued)

The following is a summary of the statement of activities:

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenue:						
Program revenue	\$ 568,828	\$ 814,613	\$ 9,773,604	\$ 5,875,064	\$ 10,342,432	\$ 6,689,677
General revenue and transfers	<u>1,216,011</u>	<u>1,277,911</u>	<u>(714,112)</u>	<u>(744,308)</u>	<u>501,899</u>	<u>533,603</u>
Total revenue and transfers	<u>\$ 1,784,839</u>	<u>\$ 2,092,524</u>	<u>\$ 9,059,492</u>	<u>\$ 5,130,756</u>	<u>\$ 10,844,331</u>	<u>\$ 7,223,280</u>
Expenses:						
General and administrative	\$ 322,172	\$ 365,504	\$ -	\$ -	\$ 322,172	\$ 365,504
Public safety - police	666,364	618,344	-	-	666,364	618,344
Public safety - fire	10,310	33,716	-	-	10,310	33,716
Public works - streets	266,376	236,116	-	-	266,376	236,116
Public works - sanitation	307,549	307,667	-	-	307,549	307,667
Recreation	23,228	21,996	-	-	23,228	21,996
Airport	83,502	38,389	-	-	83,502	38,389
Combined utility	-	-	3,341,744	3,138,361	3,341,744	3,138,361
Interest on long-term debt	-	-	190,984	140,168	190,984	140,168
Total expenses	<u>\$ 1,679,501</u>	<u>\$ 1,621,732</u>	<u>\$ 3,532,728</u>	<u>\$ 3,278,529</u>	<u>\$ 5,212,229</u>	<u>\$ 4,900,261</u>
Increase in net position	\$ 105,338	\$ 470,792	\$ 5,526,764	\$ 1,852,227	\$ 5,632,102	\$ 2,323,019
Net position, beginning	<u>3,013,837</u>	<u>2,543,045</u>	<u>4,706,836</u>	<u>2,854,609</u>	<u>7,720,673</u>	<u>5,397,654</u>
Net position, ending	<u>\$ 3,119,175</u>	<u>\$ 3,013,837</u>	<u>\$ 10,233,600</u>	<u>\$ 4,706,836</u>	<u>\$ 13,352,775</u>	<u>\$ 7,720,673</u>

Governmental Activities

The governmental activities of the Town include General Government, Public Safety, Public Works, Recreation, Airport, and Industrial Development. In that revenues normally associated with municipal operations (e.g., sales tax, property tax, franchise fees, license fees, sanitation fees, permits, fines, and operating grants) are insufficient for the funding of these activities, the Town relies on transfers of excess revenue from its enterprise funds to cover the cost of all activities.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Government-Wide Financial Analysis (continued)

Business-Type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has one business-type activity, which is accounted for in the enterprise fund. The Town uses the enterprise fund to account for the revenue and expenses related to the provision of electric, water, gas, sewer services and payment of interest on long-term debt.

The following is a summary of the business-type activities of the Town:

	Operating Revenues Net of Purchases				
	Electric	Water	Gas	Sewer	Total
Fiscal year ended June 30, 2012	\$ 801,862	\$ 376,380	\$ 131,504	\$ 390,415	\$ 1,700,161
Fiscal year ended June 30, 2013	<u>1,034,983</u>	<u>364,917</u>	<u>255,844</u>	<u>350,955</u>	<u>2,006,699</u>
Increase (decrease) from prior year	<u>\$ 233,121</u>	<u>\$ (11,463)</u>	<u>\$ 124,340</u>	<u>\$ (39,460)</u>	<u>\$ 306,538</u>

	Operating Expenses				
	Electric	Water	Gas	Sewer	Total
Fiscal year ended June 30, 2012	\$ 414,468	\$ 276,209	\$ 131,683	\$ 205,602	\$ 1,027,962
Fiscal year ended June 30, 2013	<u>456,578</u>	<u>315,086</u>	<u>142,838</u>	<u>364,393</u>	<u>1,278,895</u>
Increase (decrease) from prior year	<u>\$ 42,110</u>	<u>\$ 38,877</u>	<u>\$ 11,155</u>	<u>\$ 158,791</u>	<u>\$ 250,933</u>

	Net Income (Loss) From Operations				
	Electric	Water	Gas	Sewer	Total
Fiscal year ended June 30, 2012	\$ 387,394	\$ 100,171	\$ (179)	\$ 184,813	\$ 672,199
Fiscal year ended June 30, 2013	<u>578,405</u>	<u>49,831</u>	<u>113,006</u>	<u>(13,438)</u>	<u>727,804</u>
Increase (decrease) from prior year	<u>\$ 191,011</u>	<u>\$ (50,340)</u>	<u>\$ 113,185</u>	<u>\$ (198,251)</u>	<u>\$ 55,605</u>

The reasons for major fluctuations noted above are as follows:

Electric operating revenues net of purchases increased by \$233,121 due to an increase in usage this year versus last year. Moreover, sewer net income decreased by \$198,251 due to an increase in maintenance and operational costs.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Government-Wide Financial Analysis (continued)

Business-Type Activities (continued)

Water, gas, and sewer operating revenues remained level as did operating expenses during the year. Electric, water, and gas systems had operating income. The sewer system operated at a loss.

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently maintains two individual governmental fund types. These fund types are the General Fund and the Capital Projects Fund. Information is presented separately in the governmental funds balance sheet (Statement C) and in the governmental fund statement of revenues, expenditures, and changes in fund balances (Statement E) for the General Fund, which is considered to be a major fund, and the Capital Projects Fund, which is not considered to be a major fund.

The Town adopts an annual budget for the General Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund is presented in the required supplemental information (Part II), which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of the Town's Governmental Funds

The Town of Jonesville's governmental funds (General Fund and Capital Projects Fund) reported an ending fund balance of \$66,592, which is a decrease of \$16,923. The decrease is due to the receipt of approximately \$277,264 less in operating revenues and grants in the current year when compared to the prior year. \$24,588 of the ending fund balance is restricted.

Fund Financial Statements - Proprietary Funds

The Town maintains one proprietary fund. Proprietary funds are used to report the same functions as business-type activities. The Town uses an enterprise fund (the first type of proprietary fund) to account for its combined electric, water, gas, and sewer operations. This enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary fund shows an increase in ending fund balance of \$5,526,764 from the prior fiscal year. The electric, water, and gas departments increased fund balance by the following amounts: \$578,405, \$49,831, and \$113,006, respectively. On the other hand, the sewer department decreased fund balance by \$13,438. The increase in the fund balance is primarily due to the receipt of federal grants in the amount of \$5,513,072 for utility improvements.

In that financial statements of enterprise funds are presented on the same basis of accounting as in both the government-wide financial statements and the individual fund statements, all comments and analysis made under business-type activities apply to these funds.

General Fund Budgetary Highlights

The original General Fund budget was properly approved, heard and amended during the fiscal year.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Fund Financial Statements – Proprietary Funds (continued)

General Fund Budgetary Highlights (continued)

Revenues exceeded the budgeted amounts by \$217,471. Expenditures were \$59,067 more than provided for in the budget due to the greater expenditures in the general government than anticipated. The positive budget variance on revenues was due to more intergovernmental revenues being received than expected. Actual transfers from the utility fund were \$354,825 less than projected in the budget. There was an overall final negative budget variance of \$196,421 or 11% of the total budgeted expenditures.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2013, is \$20,993,041.

New major capital assets purchased or constructed in fiscal 2013 are:

Governmental activities:

1. Airport taxiway, earthwork and drainage, and lighting improvements costing \$565,024, purchased with state and federal funds.

Business-type activities:

2. Sewer system improvements in the amount of \$3,739,285, funded by a combination of federal loan and grant proceeds.
3. Water system improvements in the amount of \$2,129,221, funded by a federal loan.

Current Financial Factors

The State of the Town of Jonesville. We Are Looking Up.

Over the last eight to ten years, the Town of Jonesville has been dealing with declining revenues and has seen a deterioration of its infrastructure and assets. This has limited its ability to take care of its finances in a timely manner and to make improvements as well as to plan for the future. The following are steps the Town has taken to ensure a positive future:

1. The National Guard Armory building and grounds were donated to the Town of Jonesville by the State of Louisiana as a part of their cost-cutting measures regarding the Louisiana National Guard. Governor Jindal included the act of donation in the legislative package brought forth to Louisiana law-makers in April 2013. The act of donation was finalized on September 15, 2013. Tentative plans are to use the building as a revenue producing facility for rental income.
2. New Retail Electrical and Water Rates Structure in Place: After having dealt with financial problems and issues for a number of years, in March of 2009, the Town of Jonesville instituted a new electrical rate structure that is providing the Town with a greater ability to pay its bills. Additionally, during the year, the Town oversaw the completion of an independent rate study to serve as the basis for newly adopted water and sewer rate structures to provide for debt repayment and utility system sustainability.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Fund Financial Statements – Proprietary Funds (continued)

Current Financial Factors (continued)

Lastly, in addition to implementing new rate structures, the Town also implemented many new policies, such as increased disconnect/reconnect fees, etc. in order to meet USDA requirements and to provide for increased efficiency in operations.

3. **Major Water and Sewer Infrastructure Project:** The Town has been approved for the twenty million dollars (\$20,000,000) USDA infrastructure replacement project which will be implemented throughout the Town. Currently, the Town has major problems with its water and sewer lines and is losing revenues daily because of many water leaks. Additional cost of added sewer repairs and sewer treatment as well as labor cost and expenses make the task even tougher.

With the recent approval for funding of this project completed, it will provide not only water and sewer lines replacement, but will greatly enlarge and update the water storage system and tanks, provide for an updated lagoon waste collection system, and provide standby electrical generators which will power the water wells and sewer pumping stations when electrical power is out. New customer water meters will also be provided in this project. The Town has successfully met the bond and grant requirements during the year. Also, both the water and sewer projects commenced during the prior year, while incurring during the current fiscal year approximately \$2,129,221 and \$3,739,285 in capital outlays, respectively.

4. **Replica of the Troyville Mound:** The Town of Jonesville is taking the lead for the development of a replica of the Great Mound which once stood at a height of 82 feet. Once built, along with a museum which is also in the planning, tourism will become a great piece in the economic growth of the Town of Jonesville.
5. **Catahoula Economic Development Corporation:** The Town of Jonesville is currently taking the lead in re-establishing the Catahoula Economic Development Corporation, a Parish nonprofit organization that was established through a Louisiana legislative act over twenty-one years ago.

The Corporation has been dormant for over twelve years, but with the Town taking an active lead in encouraging other activities, it is now viable to put the program back in action. The Town and Parish do not have a Chamber of Commerce program or any other pro-economic development programs entrusted to prepare for commerce development and growth. With the recent completion of the U.S. Highway 84 widening project, Jonesville should experience increased traffic and additional spent dollars, by patrons, throughout the Town. Thus, the timely reactivation of the Catahoula Economic Development Corporation, while the Town is taking on a new facelift, will help bring economic growth to Jonesville, Catahoula Parish, and the surrounding areas.

6. In its 2010 April meeting, the Town of Jonesville took steps to establish a Master Plan for the Town of Jonesville to guide the Town for the next several years. This plan is a work in progress at year end. Once completed, it will serve as a catalyst for the future economic growth of the Town.
7. The Town was awarded a \$548,339 CDBG grant, for sewer improvements, during the previous year. Approximately \$541,214 is a work in progress at year's end.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Fund Financial Statements – Proprietary Funds (continued)

Current Financial Factors (continued)

8. The Town was awarded a \$316,180 CDBG Disaster Generator grant, for emergency generator installations for its utility system, during the previous year. Approximately \$49,144 is a work in progress at year's end.

In summation, the future looks great for the Town of Jonesville. Although the Town has witnessed some tough times recently, the Town is on the right track to get moving in the right direction.

Requests for Information

This financial report is designed to provide a general overview of the Town of Jonesville's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Deborah Savage, Municipal Clerk, Post Office Box 428, Jonesville, Louisiana 71343.

Basic Financial Statements

Government-Wide Financial Statements

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 68,127	\$ 148,654	\$ 216,781
Receivables (net of allowances for uncollectibles)	147,566	893,185	1,040,751
Internal balances	5,011	(5,011)	-
Restricted assets	64,642	1,632,949	1,697,591
Capital assets (net)	3,192,483	17,800,558	20,993,041
Prepaid loan fees (net of amortization)	-	113,726	113,726
Total assets	\$ 3,477,829	\$ 20,584,061	\$ 24,061,890
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	\$ 191,804	\$ 1,729,764	\$ 1,921,568
Payable from restricted assets	-	195,856	195,856
Other liabilities	26,950	-	26,950
Bonds payable, due within one year	772	179,258	180,030
Bonds payable, beyond one year	139,128	8,245,583	8,384,711
Total liabilities	\$ 358,654	\$ 10,350,461	\$ 10,709,115
<u>NET POSITION</u>			
Net investment in capital assets	\$ 3,052,583	\$ 10,962,407	\$ 14,014,990
Restricted for:			
Debt service	-	203,929	203,929
Airport improvements	12,576	-	12,576
Town Hall	12,012	-	12,012
Unrestricted	42,004	(932,736)	(890,732)
Total net position	\$ 3,119,175	\$ 10,233,600	\$ 13,352,775

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

STATEMENT B

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

		Program Revenues				Net (Expenses), Revenues, and Changes		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses)/ Revenue	Governmental Activities	Business-Type Activities	Total
Governmental Activities								
General government	\$ 322,172	\$ 15,088	\$ -	\$ -	\$ (307,084)	\$ (307,084)	\$ -	\$ (307,084)
Public safety								
Police	666,364	97,429	-	15,926	(553,009)	(553,009)	-	(553,009)
Fire	10,310	-	-	-	(10,310)	(10,310)	-	(10,310)
Public works								
Streets	266,376	-	-	-	(266,376)	(266,376)	-	(266,376)
Sanitation	307,549	164,410	-	-	(143,139)	(143,139)	-	(143,139)
Recreation	23,228	-	-	-	(23,228)	(23,228)	-	(23,228)
Airport	83,502	-	-	275,975	192,473	192,473	-	192,473
Total governmental activities	\$ 1,679,501	\$ 276,927	\$ -	\$ 291,901	\$ (1,110,673)	\$ (1,110,673)	\$ -	\$ (1,110,673)
Business-Type Activities								
Electric	\$ 2,424,803	\$ 3,003,208	\$ -	\$ -	\$ 578,405	\$ -	\$ 578,405	\$ 578,405
Water	315,086	364,917	-	1,675,622	1,725,453	-	1,725,453	1,725,453
Gas	428,446	541,452	-	-	113,006	-	113,006	113,006
Sewer	364,393	350,955	-	3,837,450	3,824,012	-	3,824,012	3,824,012
Total business-type activities	\$ 3,532,728	\$ 4,260,532	\$ -	\$ 5,513,072	\$ 6,240,876	\$ -	\$ 6,240,876	\$ 6,240,876
Total	\$ 5,212,229	\$ 4,537,459	\$ -	\$ 5,804,973	\$ 5,130,203	\$ (1,110,673)	\$ 6,240,876	\$ 5,130,203
General Revenue:								
Property taxes						\$ 81,966	\$ -	\$ 81,966
Sales taxes						228,682	-	228,682
Franchise taxes						2,519	-	2,519
Beer taxes						6,063	-	6,063
Occupational licenses						150,733	-	150,733
Investment earnings						-	1,063	1,063
Other general revenues						30,873	-	30,873
Transfers						715,175	(715,175)	-
Total general revenues and transfers						\$ 1,216,011	\$ (714,112)	\$ 501,899
Change in net position						\$ 105,338	\$ 5,526,764	\$ 5,632,102
Net position - beginning						3,013,837	4,706,836	7,720,673
Net position - ending						\$ 3,119,175	\$ 10,233,600	\$ 13,352,775

Fund Financial Statements

Governmental Funds

TOWN OF JONESVILLE, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2013

	Major Fund	Other Governmental Funds	Total Governmental Funds
	General Fund	Capital Project Fund	
<u>ASSETS</u>			
Cash	\$ 68,127	\$ -	\$ 68,127
Receivables (net of allowances for uncollectibles)	26,254	-	26,254
Due from other funds	5,011	-	5,011
Due from other governments	121,312	-	121,312
Restricted cash and cash equivalents	59,490	5,152	64,642
Total assets	\$ 280,194	\$ 5,152	\$ 285,346
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 138,269	\$ -	\$ 138,269
Accrued liabilities	33,005	-	33,005
Due to other governments	20,530	-	20,530
Other liabilities	26,950	-	26,950
Total liabilities	\$ 218,754	\$ -	\$ 218,754
Fund balances:			
Restricted for:	\$ -	\$ -	\$ -
Airport improvements	12,576	-	12,576
Town Hall	6,860	5,152	12,012
Unassigned	42,004	-	42,004
Total fund balance	\$ 61,440	\$ 5,152	\$ 66,592
Total liabilities and fund balances	\$ 280,194	\$ 5,152	\$ 285,346

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2013

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 66,592
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,192,483
Long-term debt used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>(139,900)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 3,119,175</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	Major Fund	Other Governmental Funds	Total Governmental Funds
	General Fund	Capital Project Fund	
REVENUES			
Taxes	\$ 81,966	\$ -	\$ 81,966
Licenses and permits	150,733	-	150,733
Rentals	15,088	-	15,088
Intergovernmental	526,647	-	526,647
Charges for services	164,410	-	164,410
Fines and forfeitures	97,429	-	97,429
Other	33,392	-	33,392
Total revenues	\$ 1,069,665	\$ -	\$ 1,069,665
EXPENDITURES			
General government	\$ 322,172	\$ 134,748	\$ 456,920
Public safety:			
Police	655,343	-	655,343
Public works:			
Streets	241,376	-	241,376
Sanitation	292,334	-	292,334
Recreation	18,968	-	18,968
Airport	276,722	-	276,722
Total expenditures	\$ 1,806,915	\$ 134,748	\$ 1,941,663
Excess (deficiency) of revenues over (under) expenditures	\$ (737,250)	\$ (134,748)	\$ (871,998)
OTHER FINANCING SOURCES			
Transfers in	\$ 715,175	\$ -	\$ 715,175
Bond issuance proceeds	-	139,900	139,900
Total other financing sources	\$ 715,175	\$ 139,900	\$ 855,075
Net change in fund balance	\$ (22,075)	\$ 5,152	\$ (16,923)
Fund balances - beginning	83,515	-	83,515
Fund balances - ending	\$ 61,440	\$ 5,152	\$ 66,592

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$ (16,923)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period and the cost of land sales.	262,161
The proceeds of long-term debt provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of the principal of long-term debt is an expenditure in the government funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Issuance of debt	<u>(139,900)</u>
Change in Net Position of Governmental Activities (Statement B)	<u>\$ 105,338</u>

The accompanying notes are an integral part of this financial statement.

Proprietary Funds

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2013

	Enterprise Fund Utility Fund
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 148,654
Receivables (net of allowances for uncollectibles)	893,185
Total current assets	<u>\$ 1,041,839</u>
Noncurrent assets:	
Restricted assets	
Cash and cash equivalents	\$ 1,632,949
Prepaid loan fees (net of amortization)	113,726
Capital assets (net of accumulated depreciation)	17,800,558
Total noncurrent assets	<u>\$ 19,547,233</u>
Total assets	<u>\$ 20,589,072</u>
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable	\$ 1,706,152
Accrued liabilities	23,612
Due to other funds	5,011
Current portion of notes payable	124,258
Total current liabilities payable from current assets	<u>\$ 1,859,033</u>
Current liabilities payable from restricted assets	
Due to other governments	\$ 22,894
Consumer deposits	172,962
Current portion of notes payable	55,000
Total current liabilities payable from restricted assets	<u>\$ 250,856</u>
Long-term liabilities	
Note payable	\$ 8,245,583
Total long-term liabilities	<u>\$ 8,245,583</u>
Total liabilities	<u>\$ 10,355,472</u>
<u>NET POSITION</u>	
Net investment in capital assets	\$ 10,962,407
Restricted for debt service	203,929
Unrestricted	(932,736)
Total net position	<u>\$ 10,233,600</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds UtilityFund
<u>OPERATING REVENUES</u>	
Charges for services:	
Electricity sales	\$ 2,899,830
Water sales	334,085
Gas sales	508,806
Sewer charges	336,446
Other services	181,365
	<hr/>
Total operating revenues	\$ 4,260,532
<u>OPERATING EXPENSES</u>	
Personal services	\$ 438,995
Purchase of utilities provided	2,253,833
Materials and supplies	72,099
Repairs and maintenance	96,054
Depreciation	203,304
Utilities and telephone	72,385
Bad debts	37,154
Interest expense	190,984
Other operating expenses	167,920
	<hr/>
Total operating expenses	\$ 3,532,728
Operating income	<hr/>
	\$ 727,804
Nonoperating revenue	
Interest earnings	\$ 1,063
	<hr/>
Total nonoperating income	\$ 1,063
Income before grant proceeds and transfers	<hr/>
	\$ 728,867
Grant proceeds	5,513,072
Transfers out	(715,175)
	<hr/>
Change in net position	\$ 5,526,764
Total net position - beginning	<hr/>
	\$ 4,706,836
Total net position - ending	<hr/>
	\$ 10,233,600

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds Utility Fund
Cash flows from operating activities	
Receipts from customers and users	\$ 4,097,089
Payments to suppliers	(4,326,041)
Payments to employees	(439,048)
Net cash used for operating activities	<u>\$ (668,000)</u>
Cash flows from noncapital financing activities	
Transfers to other funds	\$ (715,175)
Net cash used for noncapital financing activities	<u>\$ (715,175)</u>
Cash flows from capital and related financing activities	
Proceeds from capital grants	\$ 5,997,104
Acquisition and construction of capital assets	(5,882,662)
Proceeds from notes payable	759,983
Principal paid on capital debt	(168,110)
Net cash provided by capital and related financing activities	<u>\$ 706,315</u>
Cash flows from investing activities	
Interest on temporary investments	\$ 1,063
Net cash provided by investing activities	<u>\$ 1,063</u>
Net decrease in cash and cash equivalents	\$ (675,797)
Cash and cash equivalents, beginning of year	2,457,400
Cash and cash equivalents, end of year	<u><u>\$ 1,781,603</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income	<u>\$ 727,804</u>
Adjustments to reconcile operating income to net cash used for operating activities	
Depreciation	\$ 203,304
Amortization	7,706
Change in assets and liabilities	-
(Increase) decrease in:	-
Accounts receivable - customers	(165,644)
Accounts receivable - other	5,404
Allowance for uncollectible accounts	40,384
Increase (decrease) in:	-
Accounts payable	(1,483,702)
Accrued liabilities	(53)
Customer deposits	(3,203)
Total adjustments	<u>\$ (1,395,804)</u>
Net cash used for operating activities	<u><u>\$ (668,000)</u></u>

The accompanying notes are an integral part of this financial statement.

Notes to the Financial Statements

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

INTRODUCTION

The Town of Jonesville, Louisiana was incorporated December 16, 1903, under the provisions of the Lawrason Act. The Town operates under the Mayor-Town Council form of government and provides the following services as authorized by the Act: public safety (police and fire); streets; sanitation; recreation; public improvements; planning and zoning; provision of gas, electric, and water utilities; sewer services; airport facilities; and general services.

The accounting and reporting policies of the Town of Jonesville, Louisiana conform to generally accepted accounting principles as applicable to governments.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

During the current fiscal year, the Town of Jonesville, Louisiana implemented the provisions of Statement No. 63 of the Governmental Accounting Standards Board, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement No. 63 provides financial reporting guidance for deferred outflows and deferred inflows of resources as a consumption of net position applicable to a future reporting period and an acquisition of net position applicable to a future reporting period, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental fund:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The municipality reports the following major proprietary fund:

The Utility Fund is used to account for the provision of gas, electric, and water utilities, as well as sewer services to residents of the Town and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing and collection.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation* (continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

C. *Cash and Cash Equivalents*

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and customer's utility receivables are recognized through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

The Town annually levies ad valorem taxes in accordance with state statute for the fiscal year ended June 30. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February. Because of the due dates noted previously, ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued at the end of the fiscal year.

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Catahoula Parish.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. *Receivables and Payables* (continued)

For the year ended June 30, 2013, taxes of 8.72 mills were levied on property with assessed valuations totaling \$9,399,880, after abatements and exemptions, and were dedicated as follows:

General corporate purposes	8.72 mills
Total taxes levied were	\$ 81,966

E. *Inventories*

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the year ending June 30, 2013, these amounts were considered to be immaterial.

F. *Restricted Assets - Utility Fund*

Restricted assets were applicable to the following at June 30, 2013:

Designated grant and loan deposits	\$ 1,247,423
Consumer deposits	181,597
Debt service	<u>203,929</u>
Total restricted assets	<u>\$ 1,632,949</u>

G. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$2,500 or more for capitalizing capital assets used in the governmental funds.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets (continued)

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities:	
Land improvements	30 years
Buildings	40 years
Vehicles	5 - 15 years
Machinery and equipment	5 - 15 years
Business-type activities/Enterprise Fund:	
Buildings	25 years
Infrastructure	20 - 50 years
Machinery and equipment	10 - 20 years
Vehicles	5 years

H. Compensated Absences

The liability for compensated absences has not been accrued because the amount is considered to be immaterial.

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF JONESVILLE, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Equity Classification

Equity is classified as net position and displayed in three components: (1) net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, (2) restricted net position – consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributions or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation, and (3) unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The government-wide statement of net position reports \$24,588 of restricted net position, all of which is restricted by enabling legislation.

Fund financial statements –

The Town follows fund balance guidance established with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Aldermen establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Aldermen through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. *Equity Classification* (continued)

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

K. *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows procedures established by Louisiana Revised Statute in the preparation and adoption of its annual operating budgets as follows:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Town Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts are as originally adopted, or as amended from time to time by the Town Council.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2013, the municipality has cash and cash equivalents (book balances) totaling \$2,070,603 as follows:

	Governmental Activities	Business-Type Activities	Totals
Demand deposits	\$ 112,353	\$ 1,843,430	\$ 1,955,783
Interest-bearing savings	19,841	19,404	39,245
Time deposits	-	75,000	75,000
Cash on hand	575	-	575
Total	<u>\$ 132,769</u>	<u>\$ 1,937,834</u>	<u>\$ 2,070,603</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2013, the municipality had \$1,875,607 in deposits (collected bank balances). These deposits are secured from risk by \$364,246 of federal deposit insurance and \$2,226,988 of pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3). Therefore, the Town had no custodial credit risk related to its bank deposits at June 30, 2013.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - RECEIVABLES

Class of Receivable	General Fund	Enterprise Fund	Total
Taxes:			
Property tax	\$ 2,955	\$ -	\$ 2,955
Intergovernmental:			
State	15,402	-	15,402
Parish	18,643	-	18,643
Accounts	86,976	1,217,202	1,304,178
Other	2,641	14,117	16,758
Due from other governments	87,267	111,010	198,277
Allowance for uncollectibles	(66,318)	(449,144)	(515,462)
Total	<u>\$ 147,566</u>	<u>\$ 893,185</u>	<u>\$ 1,040,751</u>

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 5 - INTERFUND RECEIVABLES/PAYABLES

There were approximately \$5,011 in interfund receivables and payables at June 30, 2013.

NOTE 6 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2013, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 284,850	\$ -	\$ -	\$ 284,850
Construction in progress	<u>564,111</u>	<u>352,822</u>	<u>(518,025)</u>	<u>398,908</u>
Total capital assets, not being depreciated	<u>\$ 848,961</u>	<u>\$ 352,822</u>	<u>\$ (518,025)</u>	<u>\$ 683,758</u>
Capital assets being depreciated				
Buildings	\$ 931,955	\$ -	\$ -	\$ 931,955
Land improvements	1,583,385	565,024	-	2,148,409
Machinery and equipment	335,421	2,800	-	338,221
Vehicles	<u>705,122</u>	<u>-</u>	<u>-</u>	<u>705,122</u>
Total capital assets being depreciated	<u>\$ 3,555,883</u>	<u>\$ 567,824</u>	<u>\$ -</u>	<u>\$ 4,123,707</u>
Less accumulated depreciation for:				
Buildings	\$ (443,055)	\$ (19,627)	\$ -	\$ (462,682)
Land improvements	(218,815)	(57,165)	-	(275,980)
Machinery and equipment	(237,934)	(20,443)	-	(258,377)
Vehicles	<u>(574,718)</u>	<u>(43,225)</u>	<u>-</u>	<u>(617,943)</u>
Total accumulated depreciation	<u>\$ (1,474,522)</u>	<u>\$ (140,460)</u>	<u>\$ -</u>	<u>\$ (1,614,982)</u>
Total capital assets being depreciated, net	<u>\$ 2,081,361</u>	<u>\$ 427,364</u>	<u>\$ -</u>	<u>\$ 2,508,725</u>
Governmental-type activities capital assets, net	<u>\$ 2,930,322</u>	<u>\$ 780,186</u>	<u>\$ (518,025)</u>	<u>\$ 3,192,483</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated				
Land	\$ 21,612	\$ -	\$ -	\$ 21,612
Construction in progress	<u>8,327,070</u>	<u>5,868,506</u>	<u>-</u>	<u>14,195,576</u>
Total capital assets, not being depreciated	<u>\$ 8,348,682</u>	<u>\$ 5,868,506</u>	<u>\$ -</u>	<u>\$ 14,217,188</u>
Capital assets being depreciated				
Buildings	\$ 11,579	\$ -	\$ -	\$ 11,579
Infrastructure	8,022,647	14,156	-	8,036,803
Machinery, equipment, and vehicles	<u>340,616</u>	<u>-</u>	<u>-</u>	<u>340,616</u>
Total capital assets being depreciated	<u>\$ 8,374,842</u>	<u>\$ 14,156</u>	<u>\$ -</u>	<u>\$ 8,388,998</u>

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 6 - CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings	\$ (11,566)	\$ (13)	\$ -	\$ (11,579)
Infrastructure	(4,311,414)	(202,451)	-	(4,513,865)
Machinery, equipment, and vehicles	(279,344)	(840)	-	(280,184)
Total accumulated depreciation	\$ (4,602,324)	\$ (203,304)	\$ -	\$ (4,805,628)
Total capital assets being depreciated, net	\$ 3,772,518	\$ (189,148)	\$ -	\$ 3,583,370
Business-type activities capital assets, net	\$ 12,121,200	\$ 5,679,358	\$ -	\$ 17,800,558

Depreciation expense of \$140,460 for the year ended June 30, 2013, was charged to the following governmental functions:

General government	\$ -
Public safety:	
Police	13,821
Fire	10,310
Public works:	
Streets	25,000
Sanitation	15,215
Recreation	4,260
Airport	71,854
Total	\$ 140,460

NOTE 7 - CONSTRUCTION COMMITMENTS

The municipality has active construction projects as of June 30, 2013. At year end, the commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Jonesville Airport-Earthwork and Drainage Project	\$ 264,160	\$ 17,027
CDBG MIP Disaster Generator Project	49,144	261,154
CDBG 2010 Sewer Project	541,214	7,125
USDA Sewer Project	8,539,823	5,001,165
USDA Water Project	5,065,395	2,216,622
Total	\$ 14,459,736	\$ 7,503,093

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2013, were as follows:

\$715,175 was transferred from the Utility Fund to the General Fund.

Transfers are primarily used to move funds from:

- The Proprietary Funds to the General Fund to cover expenses of general operations.

NOTE 9 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$2,144,374 at June 30, 2013, were as follows:

	General Fund	Enterprise Fund	Total
Accounts	\$ 138,269	\$ 1,706,152	\$ 1,844,421
Accrued liabilities	33,005	23,612	56,617
Due to other governments	20,530	22,894	43,424
Other liabilities	26,950	172,962	199,912
Total	<u>\$ 218,754</u>	<u>\$ 1,925,620</u>	<u>\$ 2,144,374</u>

NOTE 10 - LONG-TERM OBLIGATIONS.

The following is a summary of long-term obligation transactions for the year ended June 30, 2013:

	Bonds Payable	Notes Payable	Total
Long-term obligations at beginning of year	\$ 7,442,588	\$ 390,380	\$ 7,832,968
Proceeds of USDA loan	899,883	-	899,883
Repayment of principal	<u>-</u>	<u>(168,110)</u>	<u>(168,110)</u>
Long-term obligations at end of year	\$ 8,342,471	\$ 222,270	\$ 8,564,741
Less current portion	<u>(55,772)</u>	<u>(124,258)</u>	<u>(180,030)</u>
Long-term portion	<u>\$ 8,286,699</u>	<u>\$ 98,012</u>	<u>\$ 8,384,711</u>

Long-term debt as of June 30, 2013, is comprised of the following:

Revenue refunding bonds to refinance debt and pay electricity purchases in the amount of \$1,600,000, commencing on November 25, 2007, and payable in annual installments beginning at \$25,000 and increasing annually until maturity on November 1, 2027, with an annual interest rate of 7.5%.

\$ 1,390,000

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 10 - LONG-TERM OBLIGATIONS (continued)

Forty year bond payable to provide financing in the amount of \$205,000, to United States Department of Agriculture, dated December 1, 2010, with principal due annually and interest due semi-annually, with an annual interest rate of 3.00%.	141,877
Note payable to pay electricity purchases in the amount of \$600,000, commencing on March 16, 2009, and payable in monthly installments of \$9,942 until maturity on February 26, 2015, with an annual interest rate of 6%.	196,689
Bond payable to United States Department of Agriculture, in the amount of \$3,326,000, with interest payments due semi-annually beginning December 1, 2012, and principal payments due annually commencing December 1, 2014, until maturity on December 1, 2051, with an annual interest rate of 2%.	3,326,000
Bond payable to United States Department of Agriculture, in the amount of \$3,292,000, with interest payments due semi-annually beginning December 1, 2012, and principal payments due annually commencing December 1, 2014, until maturity on December 1, 2051, with an annual interest rate of 2%.	3,292,000
United States Department of Agriculture - Rural Development certificate of indebtedness to purchase a bucket truck in the amount of \$120,000, commencing on June 15, 2009, and payable in monthly installments of \$1,245 until maturity on June 15, 2018, with an annual interest rate of 4.5%.	78,275
United States Department of Agriculture - Public Improvement Bond, Series 2012 indebtedness to construct a new Town Hall in the amount of \$139,900, commencing on January 24, 2014, and payable in monthly installments of \$4,732 until maturity on January 24, 2053, with an annual interest rate of 3.125%.	139,900
Total long-term debt	\$ 8,564,741

The annual requirements to amortize all outstanding debt as of June 30, 2013, including interest payments, are as follows:

	Principal	Interest	Total
2014	\$ 180,030	\$ 257,081	\$ 437,111
2015	271,417	242,677	514,094
2016	188,925	238,035	426,960
2017	196,640	230,060	426,700
2018	219,775	221,604	441,378
2019-2023	1,099,334	957,707	2,057,041
2024-2028	1,370,349	681,892	2,052,241
2029-2033	828,028	474,053	1,302,081
2034-2038	933,480	383,771	1,317,251
2039-2043	1,048,830	282,650	1,331,481
2044-2048	1,182,232	168,629	1,350,861
2049-2053	1,045,701	43,168	1,088,869
Totals	\$ 8,564,741	\$ 4,181,327	\$ 12,746,068

All debt covenants were met at June 30, 2013 and June 30, 2012, respectively.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 11 - PENSION PLAN

All full-time police department employees may optionally elect to participate in their respective retirement systems. All employees of the Town participate in the Social Security System. Pertinent information relative to the Police Retirement System is as follows:

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time certified police department employees engaged in law enforcement have the option to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Participating plan members are required by state statute to contribute 10.0% of their annual covered salary, and the Town of Jonesville, Louisiana is required to contribute at an actuarially determined rate. The current rate is 31% of annual covered payroll. The contribution requirements of plan members and the Town of Jonesville, Louisiana are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jonesville, Louisiana's contributions to the System for the years ending June 30, 2013, 2012, and 2011, were \$0, \$0, and \$0, respectively, equal to the required contributions for each year. There were no covered employees during the year ending June 30, 2013.

NOTE 12 - SEGMENT INFORMATION FOR UTILITY FUND

The Enterprise Fund operated by the Town provides electric, water, gas, and sewer utility services. The following is a summary of segment information for Enterprise Funds:

	Electric Utility	Water Utility	Gas Utility	Sewer Service	Total
Operating revenue	\$ 2,899,830	\$ 334,085	\$ 508,806	\$ 336,446	\$ 4,079,167
Purchase of utility	(1,968,225)	-	(285,608)	-	(2,253,833)
Operating expenses	(384,120)	(245,856)	(128,071)	(317,544)	(1,075,591)
Depreciation	(72,458)	(69,230)	(14,767)	(46,849)	(203,304)
Other operating revenue	103,378	30,832	32,646	14,509	181,365
Operating income (loss)	\$ 578,405	\$ 49,831	\$ 113,006	\$ (13,438)	\$ 727,804

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 13 - COMPENSATION OF THE GOVERNING BOARD

The Governing Board of the Town of Jonesville, Louisiana consists of a Mayor and five Council Members. For the fiscal year ended June 30, 2013, the following compensations were paid:

Hiram Evans, Mayor	\$ 19,384
Stephen R. Mophett, Council Member	7,400
Josie Bullitts, Council Member	7,700
Catina Branch, Council Member	7,700
Tommy Branch, Council Member	7,600
Benny Vault, Council Member	7,600
Totals	<u>\$ 57,384</u>

NOTE 14 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 15 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 16 - SALES AND USE TAX REVENUES

The Town of Jonesville, Louisiana receives hard surface road tax and sanitation tax from Catahoula Parish.

Required Supplemental Information (Part II)

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

GENERAL FUND

YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 94,091	\$ 81,966	\$ 81,966	\$ -
Licenses and permits	105,000	155,000	150,733	(4,267)
Rentals	18,926	16,250	15,088	(1,162)
Intergovernmental	325,992	338,378	526,647	188,269
Charges for services	186,018	135,600	164,410	28,810
Other	136,500	125,000	130,821	5,821
Total revenues	<u>\$ 866,527</u>	<u>\$ 852,194</u>	<u>\$ 1,069,665</u>	<u>\$ 217,471</u>
Expenditures				
General government	\$ 356,790	\$ 274,173	\$ 322,172	\$ (47,999)
Public safety:				
Police	645,041	635,840	655,343	(19,503)
Public works:				
Streets	323,636	244,760	241,376	3,384
Sanitation	322,298	298,800	292,334	6,466
Recreation	14,474	18,850	18,968	(118)
Airport	192,124	275,425	276,722	(1,297)
Total expenditures	<u>\$ 1,854,363</u>	<u>\$ 1,747,848</u>	<u>\$ 1,806,915</u>	<u>\$ (59,067)</u>
Deficiency of revenues over expenditures	<u>\$ (987,836)</u>	<u>\$ (895,654)</u>	<u>\$ (737,250)</u>	<u>\$ 158,404</u>
Other Financing Sources (Uses)				
Operating transfers - in	<u>\$ 1,154,721</u>	<u>\$ 1,070,000</u>	<u>\$ 715,175</u>	<u>\$ (354,825)</u>
Total other financing sources (uses)	<u>\$ 1,154,721</u>	<u>\$ 1,070,000</u>	<u>\$ 715,175</u>	<u>\$ (354,825)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 166,885	\$ 174,346	\$ (22,075)	\$ (196,421)
Fund balances, beginning of year	<u>83,515</u>	<u>83,515</u>	<u>83,515</u>	<u>-</u>
Fund balances, end of year	<u>\$ 250,400</u>	<u>\$ 257,861</u>	<u>\$ 61,440</u>	<u>\$ (196,421)</u>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the Town Council. Amendments can be made on the approval of the Town Council. A budgetary comparison is presented for the General Fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America. There were no major special revenue funds.

Other Supplemental Information

GENERAL FUND

To account for resources traditionally associated with governments, which are not required to be accounted for in another fund.

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	2013	2012
<u>ASSETS</u>		
Cash	\$ 68,127	\$ 90,766
Receivables (net of allowance for uncollectibles)		
Court fines	20,658	26,238
Property taxes	2,955	3,285
Other	2,641	160
Due from other funds	5,011	-
Due from other governments	121,312	93,320
Restricted cash and cash equivalents	59,490	96,664
	<hr/>	<hr/>
Total assets	\$ 280,194	\$ 310,433
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Accounts payable	\$ 138,269	\$ 149,569
Accrued liabilities	33,005	29,807
Due to other funds	-	9,422
Due to other governments	20,530	20,530
Other liabilities	26,950	17,590
	<hr/>	<hr/>
Total liabilities	\$ 218,754	\$ 226,918
	<hr/>	<hr/>
FUND BALANCE		
Restricted for:		
Airport improvements	\$ 12,576	\$ 52,657
Town Hall	6,860	-
Unassigned	42,004	30,858
	<hr/>	<hr/>
Total fund balance	\$ 61,440	\$ 83,515
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 280,194	\$ 310,433
	<hr/>	<hr/>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2012

	2013	2012
<u>REVENUES</u>		
Taxes	\$ 81,966	\$ 82,253
Licenses and permits	150,733	149,750
Rentals	15,088	17,323
Intergovernmental	526,647	799,379
Charges for services	164,410	166,650
Fines and forfeitures	97,429	108,376
Other	33,392	23,198
Total revenues	\$ 1,069,665	\$ 1,346,929
<u>EXPENDITURES</u>		
General government	\$ 322,172	\$ 360,503
Public safety:		
Police	655,343	623,003
Public works:		
Streets	241,376	260,334
Sanitation	292,334	290,682
Recreation	18,968	7,797
Airport	276,722	546,081
Total expenditures	\$ 1,806,915	\$ 2,088,400
Deficiency of revenues over expenditures	\$ (737,250)	\$ (741,471)
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating transfers - in	\$ 715,175	\$ 745,595
Total other financing sources (uses)	\$ 715,175	\$ 745,595
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (22,075)	\$ 4,124
Fund balance - beginning of year	83,515	79,391
Fund balance - end of year	\$ 61,440	\$ 83,515

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES

YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2012

	2013	2012
<u>GENERAL GOVERNMENT</u>		
Personal services	\$ 189,223	\$ 200,165
Materials and supplies	10,510	8,539
Professional services	22,598	60,188
Repairs and maintenance	4,410	2,108
General insurance	44,133	44,480
Miscellaneous	33,507	27,471
Utility/telephone	15,857	16,957
Travel expenses	1,934	595
Total general government	<u>\$ 322,172</u>	<u>\$ 360,503</u>
<u>PUBLIC SAFETY - POLICE</u>		
Personal services	\$ 522,845	\$ 474,607
Materials and supplies	11,577	27,033
Professional services	3,500	9,126
Repairs and maintenance	36,098	25,723
General insurance	32,953	33,211
Miscellaneous	30,093	13,242
Utility/telephone	13,899	13,990
Travel expenses	1,578	2,141
Capital outlay	2,800	23,930
Total public safety - police	<u>\$ 655,343</u>	<u>\$ 623,003</u>
<u>PUBLIC WORKS - STREETS</u>		
Personal services	\$ 161,886	\$ 153,170
Materials and supplies	19,354	21,269
Professional services	-	1,211
Repairs and maintenance	41,639	31,252
General insurance	5,135	5,176
Miscellaneous	10,265	8,279
Utility/telephone	3,097	2,567
Travel expenses	-	19
Capital outlay	-	37,391
Total public works - streets	<u>\$ 241,376</u>	<u>\$ 260,334</u>

- continued -

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES

YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2012

	2013	2012
<u>PUBLIC WORKS - SANITATION</u>		
Garbage contract	\$ 287,359	\$ 287,576
Materials and supplies	1,516	1,033
Repairs and maintenance	-	119
Miscellaneous	3,459	1,954
	<u> </u>	<u> </u>
Total public works - sanitation	\$ 292,334	\$ 290,682
<u>RECREATION</u>		
Materials and supplies	\$ 517	\$ 181
Repairs and maintenance	4,703	818
Miscellaneous	9,520	4,266
Utility/telephone	4,228	2,532
	<u> </u>	<u> </u>
Total recreation	\$ 18,968	\$ 7,797
<u>AIRPORT</u>		
General insurance	\$ 10,836	\$ 10,893
Miscellaneous	244	1,460
Utilities and telephone	568	543
Capital outlay	265,074	533,185
	<u> </u>	<u> </u>
Total airport	\$ 276,722	\$ 546,081
	<u> </u>	<u> </u>
Total expenditures - all departments	\$ 1,806,915	\$ 2,088,400
	<u> </u>	<u> </u>

See Independent Auditor's Report.

CAPITAL PROJECTS FUND

To account for financing and construction of the new Town Hall. Funds are to be provided by a Public Improvement Bond issued by the Town of Jonesville, State of Louisiana, which was purchased in full by the United States of America, Rural Development.

TOWN OF JONESVILLE, LOUISIANA

CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	2013	2012
<u>ASSETS</u>		
Restricted cash and cash equivalents	\$ 5,152	\$ -
Total assets	<u>\$ 5,152</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCE</u>		
FUND BALANCE		
Restricted for Town Hall	\$ 5,152	\$ -
Total fund balance	<u>\$ 5,152</u>	<u>\$ -</u>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2012

	2013	2012
<u>EXPENDITURES</u>		
Capital outlay	\$ 134,748	\$ -
Total expenditures	\$ 134,748	\$ -
Deficiency of revenues over expenditures	\$ (134,748)	\$ -
<u>OTHER FINANCING SOURCES (USES)</u>		
Bond issuance proceeds	\$ 139,900	\$ -
Total other financing sources (uses)	\$ 139,900	\$ -
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 5,152	\$ -
Fund balance - beginning of year	-	-
Fund balance - end of year	\$ 5,152	\$ -

See Independent Auditor's Report.

ENTERPRISE FUND

Municipal Utilities Fund - To account for the provision of electric, natural gas, water, and sewer services to residents of the Town and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administrative, operations and maintenance, financing and related debt service, and billings and collections.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEM

COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	2013	2012
<u>ASSETS</u>		
Current assets		
Cash	\$ 148,654	\$ 94,474
Accounts receivable, net of allowance for uncollectible accounts (\$449,144 in 2013 and \$408,760 in 2012)	893,185	1,247,939
Total current assets	\$ 1,041,839	\$ 1,342,413
Restricted assets		
Cash - utility relocation	\$ 22,894	\$ 22,894
Cash - USDA bucket truck and CCR	398	398
Cash - consumer deposits	88,931	85,273
Cash - water well and USDA water and sewer reserves	538,554	290,993
Cash - water well reserve - loan proceeds and CDBG disaster recovery	-	118
Cash - USDA water and sewer construction	685,162	1,669,167
Cash - LGAP water well	414	542
Temporary investments at cost - consumer deposits	92,667	92,623
Cash - debt service	203,929	200,918
Total restricted assets	\$ 1,632,949	\$ 2,362,926
Due from other funds	\$ -	\$ 9,422
Plant and equipment, at cost, net of accumulated depreciation (\$4,805,628 in 2013 and \$4,602,324 in 2012)	\$ 17,800,558	\$ 12,121,200
Prepaid loan fees, net of amortization	\$ 113,726	\$ 121,432
Total assets	\$ 20,589,072	\$ 15,957,393

- continued -

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEM

COMPARATIVE BALANCE SHEET

YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
<u>LIABILITIES AND NET POSITION</u>		
LIABILITIES		
Current liabilities (payable from current assets)		
Accounts payable	\$ 1,706,152	\$ 3,194,865
Accrued liabilities	23,612	23,665
Due to other funds	5,011	-
Current portion of notes payable	124,258	117,264
Total current liabilities (payable from current assets)	<u>\$ 1,859,033</u>	<u>\$ 3,335,794</u>
Current liabilities (payable from restricted assets)		
Due to other governments	\$ 22,894	\$ 22,894
Consumer deposits	172,962	176,165
Current portion of note payable	55,000	50,000
Total current liabilities (payable from restricted assets)	<u>\$ 250,856</u>	<u>\$ 249,059</u>
Long-term liabilities		
Note payable	\$ 8,245,583	\$ 7,665,704
Total long-term liabilities	<u>\$ 8,245,583</u>	<u>\$ 7,665,704</u>
Total liabilities	<u>\$ 10,355,472</u>	<u>\$ 11,250,557</u>
NET POSITION		
Net investment in capital assets	\$ 10,962,407	\$ 6,029,012
Restricted for debt service	203,929	200,918
Unrestricted	(932,736)	(1,523,094)
Total net position	<u>\$ 10,233,600</u>	<u>\$ 4,706,836</u>
Total liabilities and net position	<u><u>\$ 20,589,072</u></u>	<u><u>\$ 15,957,393</u></u>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
ALL DEPARTMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Utility sales and fees	\$ 4,079,167	\$ 3,783,743
Other operating revenues	181,365	166,985
	<u> </u>	<u> </u>
Total operating revenues	\$ 4,260,532	\$ 3,950,728
	<u> </u>	<u> </u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 438,995	\$ 348,734
Purchase of utilities provided	2,253,833	2,250,567
Materials and supplies	72,099	74,204
Repairs and maintenance	96,054	100,367
Depreciation	203,304	208,716
Utilities and telephone	72,385	51,092
Bad debts	37,154	23,054
Interest expense	190,984	135,093
Other operating expenses	167,920	86,702
	<u> </u>	<u> </u>
Total operating services	\$ 3,532,728	\$ 3,278,529
	<u> </u>	<u> </u>
Operating income	<u>\$ 727,804</u>	<u>\$ 672,199</u>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
ELECTRIC DEPARTMENT

YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Electricity sales and fees	\$ 2,899,830	\$ 2,689,942
Other operating revenues	103,378	95,181
	<u>3,003,208</u>	<u>2,785,123</u>
Total operating revenues	\$ 3,003,208	\$ 2,785,123
<u>OPERATING EXPENSES</u>		
Personal services	\$ 143,564	\$ 110,325
Purchase of electricity	1,968,225	1,983,261
Materials and supplies	20,882	15,378
Repairs and maintenance	28,150	31,660
Depreciation	72,458	78,324
Utilities and telephone	8,526	7,751
Bad debts	23,019	14,283
Interest expense	125,011	135,093
Other operating expenses	34,968	21,654
	<u>2,424,803</u>	<u>2,397,729</u>
Total operating services	\$ 2,424,803	\$ 2,397,729
Operating income	<u>\$ 578,405</u>	<u>\$ 387,394</u>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
WATER DEPARTMENT

YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Water sales and fees	\$ 334,085	\$ 347,993
Other operating revenues	<u>30,832</u>	<u>28,387</u>
Total operating revenues	<u>\$ 364,917</u>	<u>\$ 376,380</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 63,273	\$ 67,612
Materials and supplies	31,861	35,755
Repairs and maintenance	19,666	44,051
Depreciation	69,230	68,888
Utilities and telephone	39,040	28,734
Bad debts	3,635	2,255
Other operating expenses	<u>88,381</u>	<u>28,914</u>
Total operating services	<u>\$ 315,086</u>	<u>\$ 276,209</u>
Operating income	<u><u>\$ 49,831</u></u>	<u><u>\$ 100,171</u></u>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
NATURAL GAS DEPARTMENT

YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Natural gas sales and fees	\$ 508,806	\$ 368,752
Other operating revenues	<u>32,646</u>	<u>30,058</u>
Total operating revenues	<u>\$ 541,452</u>	<u>\$ 398,810</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 83,853	\$ 65,495
Purchase of natural gas	285,608	267,306
Materials and supplies	5,872	7,243
Repairs and maintenance	16,891	21,833
Depreciation	14,767	14,767
Utilities and telephone	3,554	2,216
Bad debts	7,269	4,511
Other operating expenses	<u>10,632</u>	<u>15,618</u>
Total operating services	<u>\$ 428,446</u>	<u>\$ 398,989</u>
Operating income (loss)	<u>\$ 113,006</u>	<u>\$ (179)</u>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
SEWER DEPARTMENT

YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Sewer charges and fees	\$ 336,446	\$ 377,056
Other operating revenues	14,509	13,359
	<u> </u>	<u> </u>
Total operating revenues	\$ 350,955	\$ 390,415
	<u> </u>	<u> </u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 148,305	\$ 105,302
Materials and supplies	13,484	15,828
Repairs and maintenance	31,347	2,823
Depreciation	46,849	46,737
Utilities and telephone	21,265	12,391
Bad debts	3,231	2,005
Interest expense	65,973	-
Other operating expenses	33,939	20,516
	<u> </u>	<u> </u>
Total operating services	\$ 364,393	\$ 205,602
	<u> </u>	<u> </u>
Operating income (loss)	<u>\$ (13,438)</u>	<u>\$ 184,813</u>

See Independent Auditor's Report.

Schedule of Expenditures of Federal Awards

TOWN OF JONESVILLE, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture (USDA) Direct Capitalization Loans/ Grants For Water and Waste Disposal Systems - ARRA</u>		
Sewer Project-	10.781	\$ 3,486,176
Water Project-	10.781	2,334,242
<u>U.S. Department of Agriculture (USDA) Community Facilities Loans/ Grants For New Town Hall</u>		
New Town Hall Project-	10.766	<u>134,748</u>
Total USDA		<u>\$ 5,955,166</u>
<u>U.S. Department of Housing and Urban Development Community Development Block Grants/States Program</u>		
Passed-through Louisiana Community Development Program		
CDBG 2010 Sewer Project #705637	14.228	\$ 458,450
CDBG MIP Disaster Generator Project #13MIPL2301	14.228	<u>18,792</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 477,242</u>
Total for all federal awards		<u>\$ 6,432,408</u>

NOTES TO THIS SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the general purpose financial statements.

See Independent Auditor's Report.

Reports on Internal Control and Compliance


SILAS SIMMONS LLP

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**INDEPENDENT AUDITOR'S
 REPORT ON INTERNAL CONTROL OVER
 FINANCIAL REPORTING AND ON COMPLIANCE
 AND OTHER MATTERS BASED ON AN AUDIT OF
 THE FINANCIAL STATEMENTS
 PERFORMED IN ACCORDANCE WITH
 GOVERNMENT AUDITING STANDARDS**

The Mayor and the Board of Aldermen
 Town of Jonesville
 Jonesville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Jonesville, Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Town of Jonesville, Louisiana's basic financial statements, and have issued our report thereon dated October 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Jonesville, Louisiana's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Jonesville, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Town of Jonesville, Louisiana's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be deficiencies or material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Jonesville, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2013-1.

Town of Jonesville, Louisiana's Response to Findings

The Town of Jonesville, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Town of Jonesville, Louisiana's response and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Mayor, Town Aldermen, Management of the Town of Jonesville, Louisiana, the Legislative Auditor of the State of Louisiana, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Silas Simmons, LLP".

Natchez, Mississippi
October 29, 2013



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**INDEPENDENT AUDITOR'S REPORT
 ON COMPLIANCE WITH REQUIREMENTS FOR EACH MAJOR
 PROGRAM AND ON INTERNAL CONTROL OVER
 COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Mayor and Board of Aldermen
 Town of Jonesville, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Town of Jonesville, Louisiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Jonesville, Louisiana's major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Jonesville, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Jonesville, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Jonesville, Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Jonesville, Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Town of Jonesville, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Jonesville, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Jonesville, Louisiana's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the Town's management, others within the entity, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Silas Simmons, LLP

Natchez, Mississippi
October 29, 2013

Schedules of Findings, Recommendations, and Corrective Action Planned

TOWN OF JONESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | | |
|----|--|-------------|
| 1. | Type of auditor's report issued on the financial statements: | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 3. | Material noncompliance relating to the financial statements? | Yes |

Federal Awards:

- | | | |
|-----|--|----------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 5. | Internal control over major programs: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 6. | Any audit finding(s) reported as required by Section ____510(a) of OMB Circular A-133? | No |
| 7. | Federal program identified as a major program: | |
| | a. U.S. Department of Agriculture - Direct Capitalization Loans/Grants-ARRA for Water and Waste Disposal Systems
CFDA #10.781 Sewer Project and Water Project | |
| | b. U.S. Department of Housing and Urban Development - Community Development Block Grants/State Program
CFDA #14.228 Sewer Project | |
| | c. U.S. Department of Agriculture - Community Facilities Loans/Grants
CFDA #10.766 New Town Hall Project | |
| 8. | The dollar threshold used to distinguish between Type A and Type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | Not applicable |

TOWN OF JONESVILLE, LOUISIANA

CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLANNED

FOR THE YEAR ENDED JUNE 30, 2013

<u>Reference No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
----------------------	-------------------------------	----------------------------------	-------------------------------	------------------------------------

Section I – Internal Control and Compliance Material to the Financial Statements:

2013-1	The Town of Jonesville's General Department's expenditures exceeded the budgeted amount by 18%. The budgeted amount of expenditures was \$274,173 and the actual expenditures were \$322,172. Louisiana Revised Statute 39:1311 requires that the expenditure not exceed the budget by more than 5%.	We recommend that the Town of Jonesville closely monitor the expenditures during the year so that expenditures do not exceed the budget by more than 5%.	Deborah Savage Town Clerk	June 30, 2014
--------	--	--	------------------------------	---------------

Section II – Internal Control and Compliance Material to Federal Awards:

N/A

Section III – Management Letter:

None issued

It should be noted that the Town's management concurs with the findings and plans on rectifying them as soon as possible.

TOWN OF JONESVILLE, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Reference No.</u>	<u>Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Action/Partial Corrective Action Taken</u>
Section I -- Internal Control and Compliance Material to the Financial Statements:				
2012-1	2011	The Town of Jonesville's Airport Department's expenditures exceeded the budgeted amount by 198%. The budgeted amount of expenditures was \$182,975 and the actual expenditures were \$546,081. Louisiana Revised Statute 39:1311 requires that the expenditures not exceed the budget by more than 5%.	Yes	This item was resolved during 2013.
2012-2	2012	There is not adequate segregation of duties over the accounts receivable reconciliation process. Instead, the billing clerk enters the customers' usage amounts and makes adjustments when necessary to the balances without a second reviewer.	Yes	This item was resolved during 2013.
2012-3	2012	The Town of Jonesville's General Department's expenditures exceeded the budgeted amount by 6%. The budgeted amount of expenditures was \$339,800 and the actual expenditures were \$360,503. Louisiana Revised Statute 39:1311 requires that the expenditures not exceed the budget by more than 5%.	No	This is a repeat finding; see 2013-1.

Section II -- Internal Control and Compliance Material to Federal Awards:

N/A

Section III -- Management Letter:

None issued